

Message Text

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PAGE 01 CAIRO 11256 221025Z

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ACTION NODS-00

INFO OCT-01 ISO-00 /001 W
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O 220934Z AUG 76
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC NIACT IMMEDIATE 6283

S E C R E T CAIRO 11256

NODIS

CHEROKEE

FOR THE SECRETARY FROM AMBASSADOR

E.O. 11652: GDS
TAGS: EG
SUBJ: GENERAL ELECTRIC ENGINE PROPOSAL

REF: STATE 208576

1. BRIEF RECAPITULATION SUBJECT PROJECT MAY BE
HELPFUL: SADAT WAS INTERESTED AND ASKED ME TO TAKE
IT UP WITH GAMASY. GAMASY WAS TEPID, NOTING GOE
HAS ALREADY ENGAGED ROLLS ROYCE/HAWKER SIDLEY FOR
PRECISELY THE SAME KIND OF WORK. IN GAMASY'S VIEW,
BRITISH FIRMS ARE MEETING EGYPT'S REQUIREMENTS.
HOWEVER, IN DEFERENCE PRESIDENT'S WISHES, GAMASY
INDICATED HE WOULD HAVE TO TRY TO WORK OUT SOME SYSTEM
WHEREBY GE WILL NOT BE COMPETING WITH ROLLS ROYCE/
HAWKER SIDLEY, I.E., TWO PARALLEL OPERATIONS.
ALTHOUGH I TOLD HIM ABOUT A PROPOSED AUG 20 DATE FOR
GE TEAM, HE ASKED THAT ARRIVAL OF TEAM BE DELAYED
UNTIL HE HAD WORKED OUT ARRANGEMENTS. THAT WAS WELL
OVER A MONTH AGO, BUT HE HAS NOT YET GOTTEN IN TOUCH
WITH ME ABOUT THE MATTER, HE DID NOT MENTION IT AT
OUR LAST MEETING ABOUT TWO WEEKS AGO AND I DELIBERATELY
CHOSE NOT TO PRESS HIM.

SECRET

SECRET

PAGE 02 CAIRO 11256 221025Z

2. SITUATION IS SOMETHING LIKE THIS:

(A) SADAT, EVEN THOUGH HE DOES NOT REALLY NEED GE HELP ON THIS MATTER, WOULD LIKE TO HAVE US INVOLVED.

(B) GAMASY REMAINS TEPID HE SEES NO NEED FOR GE HELP, AND MAY ALSO HAVE A FEW DOUBTS ABOUT OUR PURPOSES. HE MAY BELIEVE THIS IS AN OBLIQUE WAY FOR US TO CHECK HIS SPARE PARTS INVENTORY. I EMPHASIZED TO HIM THAT THE DECISION WAS ENTIRELY UP TO GOE AND THAT WE WERE IN NO WAY SEEKING TO PUSH THE MATTER. MY GUESS IS THAT, IF GAMASY COULD FIND A CONVENIENT WAY TO DISSUADE THE PRESIDENT, HE WOULD DO SO. IN THE MEANTIME, HE IS RESORTING TO FOOT DRAGGING TACTIC, HOPING PERHAPS THAT THE PRESIDENT WILL FORGET ABOUT THE MATTER. IN FAIRNESS, GAMASY HAS ALSO BEEN NEAVILY PREOCCUPIED IN THE LAST MONTH WITH LIBYAN AFFAIRS AND MAY SIMPLY NOT HAVE GOTTEN AROUND TO LESS PRESSING MATTERS.

(C) SO FAR AS WE ARE CONCERNED, IT SEEMS TO ME THERE IS LITTLE IN IT FOR US AND PERHAPS EVEN THE RISK OF SOME POLITICAL EMBARRASSMENT. SHOULD A GE SURVEY TEAM COME, ROLLS ROYCE WILL CERTAINLY HEAR ABOUT IT NO MATTER HOW HARD THE EGYPTIANS TRY TO KEEP THEM APART AND IT MAY GET INTO THE PUBLIC DOMAIN. MOREOVER, GIVEN THE EGYPTIAN "PARALLEL OPERATION" CONCEPT, GE WOULD IN ANY CASE PROBABLY HAVE ONLY A PART OF THE ACTION. FOR THE EGYPTIANS, IF THEY SERIOUSLY THINK ABOUT IT AS GAMASY HAS, IT COULD EVENTURALLY INVOLVE AN OUTLAY OF AS MUCH AS \$50 MILLION OR MORE FOR WHAT COULD BE A REDUNDANT SERVICE.

(D) WE HAVE, OF COURSE, MADE A COMMITMENT AND SHOULD HONOR IT IF GAMASY -- AS A RESULT OF PRESSURE FROM SADAT --- ASKS US TO SEND A GE TEAM.

3. I AM PREPARED TO RAISE THE MATTER AGAIN WITH GAMASY IF YOU WISH. MY OWN ADVICE IS THAT WE TAKE NO NEW INITIATIVE AND, INSTEAD, LEAVE THE MATTER IN GAMASY'S HANDS. IF WE HEAR NOTHING, WE HAVE LOST NOTHING AND CAN DROP IT. IF WE GET A REQUEST, WE CAN COMPLY. I WOULD THINK THERE IS NO GOOD REASON WHY A GE TEAM COULD NOT BE PUT TOGETHER AND SENT AT ANY TIME AT RELATIVELY SHORT NOTICE. IN MATTERS OF
SECRET

SECRET

PAGE 03 CAIRO 11256 221025Z

THIS SORT, I QUESTION THE WISDOM OF INITIATIVES THAT GIVE THE EGYPTIANS THE IMPRESSION THEY ARE DOING US A FAVOR BY ACCEPTING AN OFFER. WE CAN TAKE IT AS A TRUISM THAT, WHEN THE EGYPTIANS ARE INTERESTED IN SOMETHING, THEY ARE NEVER BASHFUL ABOUT ASKING FOR IT.

4. I WILL AWAIT YOUR FURTHER INSTRUCTIONS.
EILTS

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NNN

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